Amendments to the Claims:

This listing of claims will replace all prior versions, and listings, of claims in the application:

Listing of Claims:

1   1.   (Currently Amended) A state-varying hybrid stream cipher operating within a
2 computing device, comprising:
3   a first software routine to divide incoming plain text into variable-sized blocks with each
4 block varying in size; and
5   a second software routine to convert the plain text into cipher text based on an encryption
6 key, an internal identifier and an internal state of the computing device.

1   2.   (Original) The state-varying hybrid stream cipher of claim 1, wherein the first
2 software routine produces the variable-sized blocks based on the encryption key, the internal
3 identifier and an output of a first non-linear function.

1   3.   (Original) The state-varying hybrid cipher of claim 2, wherein each current block
2 of the plain text is determined by (i) producing a pseudo-random sequence using a second non-
3 linear function including the encryption key, the internal identifier and the output of the first non-
4 linear function as inputs and (ii) accessing contents of the pseudo-random sequence as a number
5 of data elements of the plain text forming the current block.

1   4.   (Original) The state-varying hybrid cipher of claim 1 further comprising:
2   a third software routine to determine if a plurality of random data elements are to be
3 distributed within the cipher text and to compute a hash digest of the random data elements.

1   5.   (Original) The state-varying hybrid cipher of claim 4 further comprising a fourth
2 software routine to perform a first shuffling operation on the internal state of the computing
3 device based on the encryption key so that a single bit modification of the encryption key

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4   requires complete recalculation of the internal state of the computing device used to encrypt the

5   random data elements.

1   6.   (Original) The state-varying hybrid cipher of claim 4, wherein the second

2   software routine further performs a second shuffling operation on the internal state of the

3   computing device prior to encrypting the random data elements based on the encryption key and

4   the internal identifier to mitigate a likelihood of prediction of the internal state of the computing

5   device upon knowledge of the encryption key.

1   7.   (Original) The state-varying hybrid cipher of claim 4, wherein the third software

2   routine determines a statistical amount of random data elements distributed within the cipher text

3   is programmable based on a percentage value entered by a user.

1   8.   (Original) The state varying hybrid cipher of claim 7, wherein the distribution of

2   random data elements within the cipher text is based on the encryption key, the internal identifier

3   and internal state of the computing device.

1   9.   (Original) The state-varying hybrid cipher of claim 1 further comprising a third

2   software routine to distribute error correcting codes in the cipher text in order to correct

3   modifications.

1   10.   (Original) The state-varying hybrid cipher of claim 1, wherein the internal state

2   of the computing device is periodically modified.

1   11.   (Original) The state-varying hybrid cipher of claim 1, wherein the internal state

2   of the computing device is based on a time value.

1   12.   (Currently Amended) A computing device comprising:

2   a memory; and

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3 logic coupled to the memory, the logic to perform a state-varying stream cipher

4 operation, controlled by at least an encryption key and an internal state of the computing device,

5 on input data segmented in random sized blocks using the encryption key.

1 13. (Original) The computing device of claim 12, wherein the stream cipher

2 operation involves encryption.

1 14. (Original) The computing device of claim 12, wherein the logic is an integrated

2 circuit.

1 15. (Original) The computing device of claim 12, wherein the internal state of the

2 computing device varies over time.

1 16. (Original) The computing device of claim 15, wherein the variation of the

2 internal state of the computing device is periodic being set at a time that an encryption process

3 begins for each block of input data.

1 17. (Currently Amended) The computing device of claim 12, wherein the computing

2 device is one of a smart card and an operating system.

1 18. (Currently Amended) The computing device of claim ~~15~~ 12, wherein the logic of

2 the computing device ~~is an operating system~~ segmenting the input data into at least three random

3 sized blocks with each block varying in length.

1 19. (Original) A method for decrypting input data using a combination of stream

2 cipher and block cipher functionality, comprising:

3 receiving as input a cipher text, a decryption key, a percentage of random data and a

4 unique internal identifier; and

5 reiteratively decrypting blocks of the cipher text using the decryption key, the

6 percentage of random data, the unique internal identifier and a varying internal state of the

7 computing device to recover corresponding blocks of plain text.

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1   20.   (Original) The method of claim 19, wherein the internal state of the computing

2 device varies over continuously over time.

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